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RUEHBY/AMEMBASSY CANBERRA 2248
RUEHDK/AMEMBASSY DAKAR 2615
RUEHKM/AMEMBASSY KAMPALA 3033
RUEHNR/AMEMBASSY NAIROBI 5474
RUEHGV/USMISSION GENEVA 2157
RHEHAAA/NSC WASHDC
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RHEFDIA/DIA WASHDC
RUEAIIA/CIA WASHDC
RUCPDOC/USDOC WASHDC

UNCLAS SECTION 01 OF 03 HARARE 000467

SIPDIS

AF/S FOR B. WALCH
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS
NSC FOR SENIOR AFRICA DIRECTOR MICHELLE GAVIN
TREASURY FOR D. PETERS
STATE PASS TO USAID FOR LDOBBINS AND JHARMON
COMMERCE FOR BECKY ERKUL

E.O.12958: N/A
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SUBJECT: ZIM NOTES 06-05-09

SUMMARY - Topics of the week

- Some Issues Resolved, SADC Asked to Help
- Another MDC MP Charged With Rape
- The Herald Spins Secretary Clinton's Comments
- Political Violence Resurface
- Not Your Average American Farm
- WOZA Trial Start
- 2 Protest Marches, 0 Arrests
- Germans Announce Humanitarian-Plus Package
- More Indications of Return to Economic Normalcy
- Government Urged to Get Mining Policy Right
- Cereal Shortage Projected for 2009/10
- Business Uptick
- But Credit Scarce
- Air Zimbabwe Struggling
- Quote of the Week

On the Political/Social Front

[1](#)1. Some Issues Resolved, SADC Asked to Help... On May 21 Prime Minister Morgan Tsvangirai announced the three parties had resolved some of the outstanding issues, including governorships, permanent secretaries, and ambassadorships. However, Reserve Bank Governor Gideon Gono and Attorney General Johannes Tomana continue to be sticking points, and the MDC-T has called on SADC to review their appointments. See Harare 431.

[1](#)2. Another MDC MP Charged With Rape... Kwekwe Central MP Blessing Chebundo was arrested on May 19 on accusations of raping a 13-year-old girl in January. Chebundo has been an MP since 2000 and is a member of the MDC executive council. At least two other MDC MPs have been arrested on rape charges in the last year; none of the cases have held up in court. Separately, MP Mathias Mlambo remains

in jail in Chipinge pending a bail hearing that was rescheduled from May 15 for May 22.

13. The Herald Spins Secretary Clinton's Comments... In an interview earlier this week with South Africa's SABC news, Secretary of State Hillary Clinton said that Mugabe's departure would be in the best interests of everyone. The ZANU-PF mouthpiece paper, The Herald, put a positive spin on the story with a front-page article titled U.S. acknowledges Government's progress. The article included the Secretary's remark that Qwe're encouraged by the new unity government but omitted her quote on Mugabe.

14. Political Violence Resurfaces... ZANU-PF supporters attacked MDC followers in two separate incidents this week. In Bulawayo, 15 MDC youths were arrested after ZANU-PF youths attempted to violently block elections to the Provincial Youth Council. ZANU-PF youths expected to win numerous seats to the Youth Council, officially part of a youth advisory council to government, but reportedly launched a violent campaign to stop the election when they realized they were outnumbered and likely to lose. Riot police arrived at the Mhlanlandlela government complex where the fighting broke out and arrested 15 MDC youths. Separately, about 60km north of Harare, several MDC supporters were taken from their homes on May 18 and beaten by suspected CIO operatives after attending a memorial Qbeaten by suspected CIO operatives after attending a memorial service. One victim was hospitalized for his injuries. The service commemorated the one year anniversary of a brutal incident of election violence in May 2008 that killed five MDC supporters. After the ceremony on May 16, 2009, a suspected CIO agent ordered everyone who had attended to surrender their MDC t-shirts.

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15. Not Your Average American Farm... Senate President Edna Mazongwe recently seized a productive multi-million-dollar-a-year citrus farm in central Zimbabwe and has reportedly turned the farm over to her daughter, who is an American citizen by birth. During the violent seizure, several farm workers were seriously injured, including one who was shot in the knee. See Harare430.

16. WOZA Trial Starts... On May 19, eight women and two lawyers with Zimbabwe Lawyers for Human Rights (ZLHR) faced trial for allegedly disturbing the peace on February 10. All were arrested in downtown Harare during Women of Zimbabwe Arise (WOZA)'s annual Valentine's Day march. During the trial, police Superintendent Lawrence Chinhengo testified that none of the women were hit when they were arrested because officers Qdidn't have time. The trial will continue on May 28.

17. 2 Protest Marches, 0 Arrests... On Monday, over 1000 members of Women of Zimbabwe Arise (WOZA) and Men of Zimbabwe Arise (MOZA) held a march in Bulawayo to articulate their demands from the transitional government. On Tuesday in Harare, 50 lawyers marched to the Ministry of Justice to present a petition to Minister Chinamasa to protest government-sponsored intimidation and harassment of lawyers. The protest followed the arrest of Alec Muchadehama, who was granted US\$100 bail on May 15. To both groups' pleasant surprise, police did not interfere and no one was arrested in either march.

18. Germans Announce Humanitarian-Plus Package... On May 19, Germany announced 10 million euros'5 million for water and sanitation, 2 million for human rights, conflict, and democratization, and 3 million for other projects'in new support to Zimbabwe. The water and sanitation assistance will include infrastructure repair in urban centers. Also this week, various newspapers have reported that the World Bank has approved US\$22 million in small grants for Zimbabwe. The World Bank has refuted the report.

Economic and Business News

19. More Indications of Return to Economic Normalcy... British

American Tobacco (BAT) noted that the local market has moved back from QstickQ sales of individual cigarettes that prevailed in the last couple of years to the Qpack marketQ in an early indication of slightly rising disposable income. In a further signal of the return of normalcy, several oil companies are recalling their fuel coupons, as fuel is now adequately and legally available for hard currency cash. Fuel coupons had become a surrogate currency as the Zimbabwe dollar swooned in value last year.

¶10. Government Urged to Get Mining Policy Right... Presenters at a conference organized by the Chamber of Mines of Zimbabwe on May 7 urged government to implement prudent policies to attract investment in mining and restore the sector to its former position Qinvestment in mining and restore the sector to its former position of contributing close to 7 percent to GDP and over half of total exports. Speakers advocated pursuing indigenization through joint ventures with foreign investors rather than through legislation. However, even under good policies, ZimbabweQs mining industry faces the immense constraint of electric power shortages. See Harare 417.

¶11. Cereal Shortage Projected for 2009/10... Preliminary results from the Crop and Food Supply Assessment Mission (CFSAM) conducted by FAO, WFP, and the Ministry of Agriculture from May 3-11 reveal a cereal shortage of 0.47 MT for 2009/2010 (based on a population of 12 million). Field work confirms an estimated national

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yield of 1.51 million MT of maize and small grains, short of the projected requirement of 2.18 million MT. Although seed houses are well stocked, there are few buyers due to lack of liquidity especially in the A2 and large-scale farming sector. On the positive side, maize cereal prices have dropped from \$.50/ kg a few months ago to \$.12 to \$.23/kg. The final CFSAM report will be released in early June.

¶12. Business Uptick... CFI Holdings reported improved availability and falling prices of stock feed since the liberalization of grain marketing. Capacity utilization at its major miller Victoria Foods has crept up to 30 percent with the wheat line running at 50 percent; at its stock feed manufacturer Agrifoods, capacity utilization is 24 percent and rising. Cement manufacturer Lafarge is running at 70 percent capacity, up from 62 percent last year with output evenly split between exports and domestic sales. Retention of 100 percent of export proceeds and the end of price controls hugely benefitted the group. However, the liquidity crunch continues to suppress demand.

¶13. But Credit Scarce... Working capital remains scarce as individuals and companies fail to maintain significant bank account balances due to a lack of disposable income/reserves, as well as weak confidence in the banking sector. The Zimbabwe Independent reported today that the bulk of bank deposits in Zimbabwe, which total only US\$263 million, was only available short-term at a time when industry sorely needs long-term credit.

¶14. Air Zimbabwe Struggling... The national airline is incurring US\$4 million in losses every month and cannot meet its operating costs, according to Air Zimbabwe CEO Peter Chikumba in oral evidence before the Parliamentary Portfolio Committee on Transport and Infrastructure. The airline, operating at 40 percent capacity, has a foreign debt of US\$28 million, not counting US\$50 million to suppliers of its Chinese MA60s aircraft. The Civil Aviation Authority of Zimbabwe is reported to be US\$150 million in the red.

¶15. Quote of the Week:

QOn several occasions, the distinguished minister (Tendai Biti) has accused me of killing this economy through printing money...I have suffered and continue to suffer abuse and ridicule at a time when you as prime minister have been telling the nation that by-gones are by-gones and that we need to move forward

-- Reserve Bank Governor Gideon Gono's plea to Prime Minister Morgan Tsvangirai in a 15-page letter dated May 11 in which he also asked for immunity from future prosecution. On May 21, Tsvangirai's office said they had never received the letter, which was first published in the Zimbabwe Times. The entire letter is at: <http://www.thezimbabweindependent.com/index.php/local/22666-biti-has-personal-vendetta-against-me-gono>

MC GEE